



Iowa Alternative Incremental Research Activities Credit

Name(s)	SSN or FEIN
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1. Certain amounts paid or incurred to energy consortia 1. _____
2. Basic research payments paid or incurred to qualified organizations in Iowa 2. _____
3. Iowa apportioned qualified organizations base amount 3. _____
4. Subtract line 3 from line 2. If zero or less, enter zero. 4. _____
5. Multiply line 4 by 20%. 5. _____
6. Wages for qualifying research services performed in Iowa 6. _____
7. Cost of supplies used in conducting qualifying research in Iowa 7. _____
8. Rental or lease costs of computers used in conducting qualifying research in Iowa 8. _____
9. Applicable portion of contract expenses for qualifying research performed in Iowa 9. _____
10. Total Iowa qualified research expenses. Add lines 6 through 9. 10. _____
11. Enter average annual gross receipts.
Add year 1, year 2, year 3, and year 4: _____ + _____ + _____ + _____ = Subtotal _____ ÷ 4
..... 11. _____
12. Multiply line 11 by 1%. 12. _____
13. Subtract line 12 from line 10. If zero or less, enter zero. 13. _____
14. Multiply line 11 by 1.5%. 14. _____
15. Subtract line 14 from line 10. If zero or less, enter zero. 15. _____
16. Subtract line 15 from line 13. 16. _____
17. Multiply line 11 by 2%. 17. _____
18. Subtract line 17 from line 10. If zero or less, enter zero. 18. _____
19. Subtract line 18 from line 15. If zero or less, enter zero. 19. _____
20. Multiply line 16 by 1.65%. 20. _____
21. Multiply line 19 by 2.2%. 21. _____
22. Multiply line 18 by 2.75%. 22. _____
23. Iowa Alternative Incremental Research Activities Credit. Add lines 1, 5, 20, 21, and 22.
Enter on IA 148. 23. _____
24. Supplemental Alternative Incremental Research Activities Credit. See instructions.
Enter on IA 148. 24. _____
25. Pass-through Alternative Incremental Research Activities Credit received from
partnership, S corporation, estate, or trust. Enter on IA 148. 25. _____
26. Pass-through Supplemental Alternative Incremental Research Activities Credit
received from partnership, S corporation, estate, or trust. Enter on IA 148. 26. _____
27. Total allowable Alternative Incremental Research Activities Credit. Add lines 23
through 26. 27. _____

2010 IA 128A Instructions

Form IA 128A is used *only* if the taxpayer elects to use the Alternative Incremental Research Activities Credit. The alternative credit is available for tax years beginning on or after January 1, 2000. Form IA 128 should be used if the regular research activities credit is claimed. The taxpayer may elect to use this alternative method regardless of the method used in computing the federal research activities credit and may be used even though the alternative incremental credit is no longer available for federal purposes. This option is for Iowa purposes and is effective only for the current tax year. The taxpayer is not required to use this alternative method in computing the research activities credit for subsequent years.

Innovative Renewable Energy Generation

Effective July 1, 2009, research activities under the High Quality Jobs Program or under the Enterprise Zone Program include the development and deployment costs of innovative renewable energy generation components manufactured or assembled in Iowa. This cannot include components with more than 200 megawatts of installed effective nameplate capacity. These costs are not eligible for the federal research credit. A separate form IA 128A must be completed to account for these costs, which can be included on line 6 of the separate form IA 128A. The amount of the additional credit relating to these costs is not eligible for the Supplemental Alternative Incremental Research Activities Credit.

Example: An eligible business computes an Iowa Alternative Incremental Research Activities Credit of \$50,000 excluding any costs relating to innovative renewable energy generation components. When the costs relating to innovative renewable energy generation components are included on line 6, the Iowa credit is \$75,000. The business is allowed a supplemental credit of \$50,000 under the original claim, which would result in an Iowa credit of \$100,000. This can be added to the additional credit relating to the innovative renewable energy generation components of \$25,000, resulting in a total Iowa Alternative Incremental Research Activities Credit of \$125,000.

Lines 1, 2, 3, 6, 7, 8, & 9 - Enter only the portion of qualifying research expenses that occurred in Iowa.

Line 11 - Enter the average annual Iowa gross

receipts for the 4 tax years before the year in which the credit is being determined. You may be required to annualize gross receipts for any short tax year.

Line 23 - Enter this figure on the IA 148 Tax Credits Schedule under Part II using tax credit code 58.

Line 24 - If research activities are conducted by eligible businesses under the New Jobs and Income Program, New Capital Investment Program, High Quality Job Creation Program, High Quality Jobs Program, or the Enterprise Zone Program, a Supplemental Alternative Incremental Research Activities Credit may be allowed. The maximum amount of the Supplemental Research Activities Credit is shown in the contract entered into between the eligible business and the Iowa Department of Economic Development. The amount of the Supplemental Alternative Incremental Research Activities Credit cannot exceed the sum of the credit amounts shown on lines 20 through 22 for awards made by the Department of Economic Development prior to July 1, 2010. For awards made by the Iowa Department of Economic Development on or after July 1, 2010, the supplemental credit percentages are 2.54%, 3.38% and 4.23 % for businesses with gross receipts of \$20 million or less. The percentages are 0.76%, 1.02% and 1.27% for businesses with gross receipts exceeding \$20 million. Enter this figure on the IA 148 Tax Credits Schedule under Part II using tax credit code 59.

Line 25 - If you received pass-through Alternative Incremental Research Activities Credit(s) from a partnership, S corporation, estate, or trust, enter the amount of the credit(s) on this line. Enter each credit on the IA 148 Tax Credits Schedule under Part II using tax credit code 58 and provide the pass-through information under Part IV.

Line 26 - If you received pass-through Supplemental Alternative Incremental Research Activities Credit(s) from a partnership, S corporation, estate, or trust, enter the amount of the credit(s) on this line and enter each credit on the IA 148 Tax Credits Schedule under Part II using tax credit code 59 and provide the pass-through information under Part IV.

Line 27 - Add lines 23 through 26 and enter the sum. This is the total allowable Iowa Alternative Incremental Research Activities Credit. The IA 148 must be completed and attached to the tax return.